

Message Text

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15

ACTION EB-11

INFO OCT-01 AF-10 EA-11 NEA-10 ISO-00 SCEM-02 COME-00

INT-08 TRSE-00 OMB-01 CIEP-02 SCI-06 EUR-25 PM-07

NSC-10 SPC-03 SS-15 RSC-01 CIAE-00 INR-10 NSAE-00 L-03

H-03 DRC-01 /140 W

----- 104796

R 300550Z SEP 73

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 5043

INFO AMEMBASSY TOKYO

AMEMBASSY ABU DHABI

AMEMBASSY TRIPOLI

AMEMBASSY KUWAIT

C O N F I D E N T I A L JIDDA 4199

STATE PASS USINT CAIRO

E.O. 11652: GDS

TAGS: ENRG, JA, SA

SUBJ: YAMAGATA COMMENTS ON OIL POLICY

REF: (A) STATE 191864; (B) CAIRO 2488

1. WE HAVE NOT SEEN ALL OF PREVIOUS TO REFTEL (A) BUT THERE IS AS EVERYONE KNOWS A PARTICULAR SENSITIVITY OF SAG INCLUDING MINPET YAMANI AND DEPMIN SA'UD TO ANY DISCUSSION, ESPECIALLY BY A JAPANESE SOURCE, OF U.S. PRESSURE FOR A CONSUMERS UNION OR OPIC. WE WONDER IF POINTS (REFTEL) MADE TO JAPANESE SHOULD NOT ALSO BE MADE AT WORKING LEVELS TO SAG AND TO DEPFONMIN MAS'UD FOR FURTHER DISTRIBUTION AS HE MAY DESIRE. WE MUST ASSUME YAMAGATA STATEMENT WILL EVENTUALLY COME TO ATTENTION OF SAG PETRO-POLICY MAKERS.

2. CAREFUL CLARIFICATIONS WITH SAG OF US POSITIONS AS
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THEY EVOLVE IN OECD MAY HELP FORESTALL PIQUANT REACTIONS

FROM SAUDIS ON BOTH THE PRICE OF OIL AND ON THE RATIONALI-
ZATION OF THEIR OWN PETROLEUM STRUCTURE IN THE FACE OF
TOTAL NATIONALIZATIONS BY RADICAL ARAB STATES. ESPECIALLY
CRITICAL WILL BE SAG CHOICES OF POLICY IN REACTING DURING
NEXT SEVERAL WEEKS TO 51 PERCENT BID BY BRETHREN GULF STATES.
IMPORTANT THAT THEY FULLY UNDERSTAND THRUST OF OUR ACTI-
VITIES IN OECD. EARLIER, INACCURATE IMPRESSIONS OF US
POSITION IN IMF/IBRD TOWARD ACCUMULATION OF FINANCIAL
RESERVES BY ARAB OIL PRODUCERS WAS NOTED AT ARAB LEAGUE
AND WE ATTEMPTED TO CORRECT THOSE IMPRESSIONS BY APPROACHES
IN CAIRO AND HERE. EMBASSY AT TIME PRESENTED TO SAG
EXPLANATION OF WHERE WE ACTUALLY STOOD WHICH WAS RECEIVED
WITH INTEREST AND APPRECIATION. SIMILAR EFFORT ON WHAT
WE ARE ATTEMPTING TO DO ON OIL SHARING AND RESEARCH WITH
OECD SHOULD BE PART OF OUR POLICY, PARTICULARLY WHERE
INACCURACIES STEM FROM JAPANESE REPORTS ON OECD MEETINGS.

3. WE WOULD SUGGEST MAKING LIMITED POINT WITH AMIR SA'UD
AT ECONOMIC COUNSELOR LEVEL THAT NOTHING IS BEING SAID IN
OECD COUNCILS BY US THAT COULD BE INTERPRETED AS CALL
FOR OIL CONSUMERS UNION NOR HAS THERE BEEN CALL FOR ANYTHING
LIKE A COMPLETE BOYCOTT OF LIBYAN OIL.
HORAN

NOTE BY OC/T: NOT PASSED CAIRO.

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NNN

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